

Section 6

PAYMENTS

Food Instrument Deposit

The Vendor must provide training to cashiers and all employees who are involved with WIC transactions. The Arizona WIC Program will not pay WIC food instruments which are incorrectly completed. Therefore, prior to deposit, it is recommended that the Vendor review the food instrument(s) to ensure that payment will be made (See Food Instrument Payment Criteria on the next page).

The Vendor must clearly stamp each food instrument with its authorized WIC Vendor ID stamp in the box on the food instrument that states, "Pay to the order of:". The Vendor will then endorse and deposit the food instrument in its financial institution. Food instruments **must** be deposited no later than sixty (60) calendar days from the "first date to use" printed on the food instrument. Food instruments submitted for payment after this date will **not** be honored. Therefore, deposit food instruments as soon as possible.

- # **NOTE:** If the Vendor is an authorized ITCA or Navajo Nation WIC Vendor, the Vendor **may not** use the other WIC program's ID stamp to validate an Arizona WIC Program food instrument.

The Vendor's financial institution routes the food instrument(s) through the federal reserve system to the Arizona WIC Program's banking contractor. Food instruments received for payment by the banking contractor are reviewed according to standardized criteria. Food instruments which meet all criteria are accepted for payment and the funds are credited to the Vendor's account through standard banking procedures.

Rejected Food Instruments

Food instruments which do not meet all of the designated criteria are rejected for payment by the Arizona WIC Program's banking contractor and are returned to the Vendor through standard banking procedures. The designated criteria for rejecting food instruments for payment are listed below:

1. The food instrument dollar amount exceeds the reasonable dollar amount for that food instrument type (based on average redemption value for only that food instrument type). Food instruments will be rejected if the amount is above an established percentage of the State average cost for that food instrument type and/or Vendor class or if the amount is over the maximum limit stated on the food instrument;
2. Altered food instrument;
3. Stale date (bank processed after sixty (60) calendar days from the first date to use on the food instrument);
4. Food instrument redeemed before the first date to use or after the last date to use.
5. Vendor ID stamp errors;
 - a. Missing Vendor stamp
 - b. Unreadable Vendor number
 - c. Unauthorized Vendor
6. Missing participant/authorized representative's signature;
7. Other (e.g., stop payment placed on the food instrument or the instrument was previously voided).

Food Instrument Payment Criteria

The Arizona WIC Program's banking contractor will reject food instruments for only one reason at a time. When you send rejected food instruments to the Department for a second level review, the Department will review them for all payment criteria. The table below shows how the different reject reasons affect reimbursement.

REJECT REASON

REIMBURSEMENT

MISSING VENDOR ID STAMP	Yes, payment will be made. Clearly stamp the food instrument(s) with your authorized Vendor ID stamp and redeposit the food instrument(s), <u>one time only</u> within sixty (60) calendar days of the first date to use. See Second Level Review in this Manual for Extenuating Circumstances for food instrument(s) that can not be redeposited within the time frame indicated above.
UNREADABLE VENDOR ID STAMP	Yes, payment will be made. Clearly stamp the food instrument (s) with your authorized Vendor ID stamp and submit for second level review according to the Manual.
UNREASONABLE DOLLAR AMOUNT	Yes, payment will be made. The Vendor will be paid based on the Vendor redemption average, local agency average or Price/Stock Report for that food instrument type, but not more than the maximum stated on the food instrument. Submit for second level review according to the Manual.
OVER THE MAXIMUM	Yes, payment will be made. The Vendor will be paid based on the Vendor Redemption average, local agency average or Price/Stock Report for that food instrument type, but not more than the maximum stated on the food instrument. Submit for second level review according to the Manual.
MISSING SIGNATURE	No, payment will not be made. Food instruments rejected for payment due to a missing signature, will <u>never</u> be paid. Vendors must obtain the signature <u>before</u> depositing the food instrument for payment. See Answers to Common Questions in the Appendix of this Manual.
ALTERED FOOD INSTRUMENTS	Payment <u>may</u> be made. Payment will be made <u>only</u> if the Department can substantiate the alteration was made by local agency employee. Payment will <u>never</u> be made if white-out was used. Submit for second level review according to the manual. See Examples of Food Instruments in the Appendix of this Manual.
STALE DATE (DEPOSITED BEYOND SIXTY (60) CALENDAR DAYS OF FIRST DATE TO USE)	No, payment will not be made. Vendors must submit the food instrument within sixty (60) calendar days of the "first date to use" printed on the food instrument. See Food Instrument Deposit in this Manual.
CASHED EARLY	No, payment will not be made. Food instruments rejected for payment due to early cashing (accepted prior to "the first date to use" printed on the food instrument) will <u>never</u> be paid. Vendors must verify the dates are valid <u>before</u> redeeming the food instrument.
CASHED LATE	No, payment will not be made. Food instruments rejected for payment due to cashing after the "last date to use" will <u>never</u> be paid. Vendors must verify the dates are valid <u>before</u> redeeming the food instrument.

Second Level Review

The Department will allow food instruments which are rejected due to missing the Arizona WIC Program Vendor ID stamp to be redeposited by the Vendor, one time only. The Vendor must clearly stamp the front of the food instrument with its Vendor ID stamp and redeposit the food instrument in its financial institution within sixty (60) calendar days of the first date to use.

Upon written request, the Department will provide authorized Vendors with the opportunity for a second level review of food instruments initially rejected for payment. The second level review will use the payment criteria established in this Manual to determine if the rejected food instrument qualifies for no, partial or full payment. However, bank charges for returned food instruments will not be reimbursed. Vendors will be notified in writing of the decision made after the second level review.

Vendor responsibilities

The second level review is conducted by only the Department. The Vendor is responsible to:

1. Submit the rejected food instrument(s) to the Department within ninety (90) calendar days of the first date to use. All food instruments submitted after ninety (90) calendar days of the first date to use may not be accepted for consideration.
2. Submit a written explanation of all extenuating circumstances related to the rejection of the food instrument(s) (See Extenuating Circumstances below).
3. Notify the Department in writing if it is to send the reimbursement(s) to an address other than that listed on the Vendor Contract.
4. The replacement Food Instrument must be endorsed showing that the payee and Vendor's endorsement match. The replacement Food Instrument must be deposited in the Vendor's named bank for payment not later than thirty (30) calendar days of the issue date for replacement food instrument.

Department review responsibilities

The Department will review the food instrument and determine if it can be paid. The Department will determine if the food instrument was submitted within ninety (90) calendar days of the first date to use.

1. If the food instrument was submitted more than ninety (90) calendar days after the first date to use, the Department may reject the food instrument. The Department will return food instruments denied for payment at the second level review to the Vendor along with a letter of explanation sent by certified mail.
2. If the food instrument was submitted within ninety (90) calendar days of the first date to use, the Department will determine if any of the rejection criteria apply (See Food Instrument Payment Criteria). The Department will issue a "replacement" food instrument for the food instrument(s) accepted for payment. The signed "replacement" food instrument(s), along with a letter of explanation will be sent by certified mail.

Extenuating Circumstances

The Department review will consider extenuating circumstances which merit payment of the food instrument. Extenuating circumstances include:

1. Unreasonable dollar amount
 - a. The Vendor had submitted price information prior to the redemption date that documents the amount charged for the WIC foods is the regular store price for those items; and
 - b. The Department determines that an incorrect price was placed on the food instrument.
2. Over maximum dollar amount
 - a. The Department determines that the participant/authorized representative received the foods listed on the food instrument; and
 - b. The replacement dollar value does not exceed the maximum stated on the food instrument.

3. Unreadable Vendor ID stamp

The Department will replace a food instrument with an unreadable Vendor ID stamp if:

- a. The endorsement and redemption were made by an Arizona WIC Program Vendor;
- b. The Vendor provides a written explanation concerning the unreadable Vendor ID stamp;
- c. The Vendor clearly stamps its Vendor ID number on the back of the food instrument;
- d. There is no other reason for rejection.

4. Missing Vendor ID stamp

The Department will replace a food instrument which has a missing Vendor ID stamp if:

- a. The endorsement and redemption were made by an Arizona WIC Program Vendor;
- b. The Vendor provides a written explanation which documents it was administratively impossible to redeposit the rejected food instrument within sixty (60) calendar days after the first date to use;
- c. The Vendor clearly stamps their Vendor ID number on front of the food instrument; and
- d. There is no other reason for rejection.